

No. 12,885

IN THE

United States Court of Appeals  
For the Ninth Circuit

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CONSOLIDATED VULTEE AIRCRAFT CORPORATION, a Delaware corporation,  
and AMERICAN AIRLINES, INC., a  
Delaware corporation,

*Appellants,*

vs.

MAURICE A. GARBELL, INC., a California  
corporation, and GARBELL RESEARCH  
FOUNDATION, a California corporation,

*Appellees.*

APPELLEES' PETITION FOR A REHEARING.

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*To the Honorable William Denman, Chief Judge, and  
to the Honorable Associate Judges of the United  
States Court of Appeals for the Ninth Circuit:*

A rehearing of this controversy is respectfully, but earnestly, requested by appellee. While the reasons upon which this request is predicated are hereinafter particularized, the principal ground urged by appellees is that the decision of this controversy by this

Court, resulting in a reversal of the judgment entered by the court below in favor of appellees, is, in our opinion, based upon an assumption of facts not justified by the record, and a misinterpretation of certain evidence.

The particular grounds upon which such rehearing is requested are hereinafter discussed under appropriate headings.

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### FOREWORD.

Inasmuch as the decision of this Court only considered the "shop-right theory", and reversed the trial court upon that ground, every point made in this petition is addressed solely to the shop-right question and the facts and law applicable thereto.

We respectfully draw the Court's attention to the fact that, although the judge of the lower court made findings of fact which were addressed to this issue, thus determining questions of fact based upon evidence which was without conflict in virtually each instance, given by witnesses whose conduct and demeanor while testifying he personally observed, no mention of or reference to these findings, is made in the statement of the case or the opinion of this Court.

The rule guiding this Court is, of course, that, unless the decision of the lower court upon the questions of fact involved was clearly erroneous, such determination is not to be interfered with.

We respectfully submit that this Court has inadvertently fallen into error in applying this rule, due



to an incorrect interpretation of certain evidence and the assumption of facts not justified by the record. We may, therefore, submit that appellees are entitled to ask the careful consideration of this petition presented to this Court as an appellate court which has reversed judicial ascertainment of the facts which were found by the trial court upon substantial and uncontroverted evidence.

Our duty, therefore, to this Court makes it obligatory in this petition to refer somewhat at length to the evidence. Our apology for the length of this petition is traceable to this circumstance.

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## I.

### **THIS COURT'S OPINION ON SHOP RIGHT.**

The gist of this Court's opinion, as filed herein, is stated at pages 5 and 6 thereof as follows:

“The evidence showed that, if Garbell ever made, developed or perfected his alleged invention, he did so by and through the use of materials and facilities of Consolidated and time for which he was paid by Consolidated. Therefore, irrespective of the invention agreement, Consolidated had a shop right with respect to his alleged invention.”

This statement is predicated upon the two assumptions that the invention of Garbell was reduced to practice during the employment of Garbell by appellant Consolidated and at a cost to Consolidated. We

hereinafter will demonstrate that there is no basis for either of said assumptions in fact or in law.

#### A. THE LAW ON SHOP RIGHT.

In footnote 9 of this Court's opinion, certain cases are referred to in support of that portion thereof which is hereinabove quoted. These authorities all define the so-called shop-right rule and enumerate the various factors of which it is comprised. Naturally, we have no fault to find with these authorities, which hold, without exception, that a shop right arises in the case of employer and employee where:

1. The employee conceives or devises some process, method, or instrument;
2. Uses, or causes to be used, the property and other employees of his employer to develop, perfect or make and put into practicable form his invention;
3. Assents to or acquiesces in the use by the employer of such invention.

As was said in

*Gill v. United States*, 160 U.S. 426, at 430:

“The principle is really an application or outgrowth of the law of estoppel *in pais*, by which a person looking on and assenting to that which he has power to prevent is held to be precluded ever afterwards from maintaining an action for damages.”

If the work done by the employer does not add anything to the invention by way of developing it, or perfecting it, or putting it into practical form, or,

in other words, reducing it to practice, no shop right can arise. The same situation is true if the employee has no knowledge of user by the employer.

A mere demonstrational testing of the invention by the employer upon his own decision in order to determine if the invention will work as claimed is not enough. There must be a reduction to practice within the meaning of the authorities and an unmo-  
lested and notorious use before the patent is applied for.

*Heywood-Wakefield Co. v. Small*, 87 Fed. (2d) 716, 719 (Cert. Den. 301 U.S. 698);  
*Massie v. Fruit Growers' Express Co.*, 31 Fed. (2d) 463, 466.

#### B. FACTS PROVEN BY THE EVIDENCE.

The evidence in this case discloses a factual situation which completely eliminates the shop-right theory and demonstrates the absolute failure of appellants to carry the burden, which was entirely theirs, of proving the affirmative defense of shop right.

1. **The invention here involved was devised and conceived by Garbell prior to his employment by Consolidated.**

This fact needs no discussion, as the trial court so found and this Court concurred. (Opinion of this Court, p. 5.)

2. **There was no development or perfecting of said invention by Consolidated during Garbell's employment by it.**

##### (a) The invention.

To enable this Court to easily visualize the situation and evaluate the evidence hereinafter discussed, we

believe that the Court should understand that this invention does not call for a process, or a machine, or a design. Usually these items need work and trial-and-error methods; models need to be made; and so the development or perfecting of the invention progresses step by step.

Such is not the case here. Simply stated, the invention calls for the construction of a lifting surface (airplane wing) having three or more sections, by the employment of air foils selected according to the method explained in the patent, and thus achieving excellent and improved stalling characteristics. In other words, the Garbell wing is not as prone to lose its lifting power as wings of any other type in use under similar conditions, and the Garbell wing affords a ready and complete recovery to normal flight, where other types of wings lead the aircraft into a dangerous loss of altitude.

The invention was the final mental step of perfection following years of fundamental development work, all of which was done by Garbell prior to employment.

In order to have anyone skilled in the art construct a wing in accordance with the invention, it was only necessary for Garbell to give to him three air-foil numbers, denoting the selection of the air-foil family, and to designate the points at which they were to be used. (R. 279.) The air foils are designated by well-known NACA numbers and the interpolation of these from one section of the wing to the next is purely a

matter of computation, well understood and known to anyone skilled in the art.

Thus, all that was required to practice the invention was to construct a plane having such a wing and fly it. No development and no perfecting and no "trying" were necessary.

The undisputed fact is that no change, modification, development, correction or perfecting was in fact made in the invention at any time after 1939. Appellant Consolidated used the invention directly as disclosed, proof that anyone skilled in the art could practice the invention from the original disclosure.

**(b) No development or change.**

It is inconceivable that appellants would not have produced evidence of changes made or development of the invention, if any there were. The only testimony whatever on this subject was introduced by appellees, such testimony standing alone, unchallenged, and uncontradicted. In testifying on this subject of improvement, Garbell said:

"Q. Now, did any of these tests that have been referred to, these wind tunnel sections or these three-section wings, did they contribute in any way toward improvement or alterations in your invention or in perfecting it?"

A. No; no, absolutely not. If this is a criterion, there was no change from before to after. Even the first suggestion was complete, contained all the elements; nothing was modified.

The Court. In other words, it is your contention that you added nothing to the conception



or the practical carrying-out of the invention by anything that you did during the employment with the defendant?

The Witness. That is right.” (R. 461-462.)

Upon many occasions during his employment by Consolidated Garbell suggested or proposed the use of his invention in connection with some contemplated work. In testifying on this subject, Garbell gave evidence as follows: -

“The Court. In other words, the conception preceded the work with this company, is that right?

The Witness (Garbell). Yes.

The Court. What you were doing here was not developed, but was merely suggesting that they adopt the conception?

The Witness. Yes.

The Court. A pre-existing conception.

The Witness. Yes. It was like stating—well, one person suggesting a flat roof for a building, and another one saying, ‘Let’s make it slope, so that the rain water will run off.’ ” (R. 280.)

And again:

“The Court. What you mean to say, however, is that these were not the working out of an idea, but merely putting the idea in writing and saying, ‘That is my idea. Can you use it?’

The Witness. Yes.” (R. 281.)

Not one word of testimony on this subject was put into the record by appellants, thus there is not even a conflict in the evidence. By reason thereof, we feel

that this Court is mistaken in believing that development or perfecting of the invention took place during Garbell's employment by Consolidated.

**(c) Proposals v. Final Plans.**

As hereinabove stated, throughout the record there is evidence of the fact that during his employment by Consolidated Garbell repeatedly proposed or suggested the use of a wing falling within the meaning of his invention. These "proposals" were at the initial stage on any given project and never reached the final design of the airplane or wing then under consideration during Garbell's employment. The testimony above set forth properly characterizes these proposals.

A mere suggestion, one among many, is of no importance whatsoever on a shop-right claim. If the idea had been incorporated in the final design for a certain airplane, from which the airplane was to be built, and the inventor knew of such incorporation, he certainly would have been placed upon notice. Such is not the case here.

In no single instance was Garbell's invention ever placed in final design during his employment and with his knowledge. There is no evidence that it was ever carried into final design while he was employed by Consolidated.

This Court may very easily have been led into believing that Garbell aided in the preparation of final plans for one or more airplanes embodying his inven-

tion by reason of the unfortunate choice of words used by appellants' counsel in his cross-examination of Garbell. Repeatedly he kept using the phrase "plans or design for an airplane" (R. 243-254), when actually all he meant was preliminary reports or proposals.

The confusion was eliminated by action of the trial court as follows:

"Mr. Frederick Lyon. Your Honor, please, I wonder why we can't have a definition of what he means by the words 'plans' and 'design'.

The Court. I understand what he means.

Mr. Frederick Lyon. The witness doesn't seem to.

The Court. He means preliminary work by way of discussion.

Mr. Gerlach. Yes." (R. 252.)

And again:

"Q. (By Mr. Gerlach). And did you participate in making the plans for that aircraft, so far as the airfoil is concerned?

Mr. Frederick Lyon. May we have a definition of what he means by the word 'plans'?

The Court. It is evident to the witness. Let us go on from there.

Mr. Frederick Lyon. May we ask the witness if the question is evident on that word?

The Court. He is answering. He understands it. Go ahead. It means any step that was taken. He doesn't mean blueprints.

The Witness (Garbell). A suggestion proposal.

The Court. A suggestion or proposal; yes." (R. 254.)



Appellants introduced several reports into evidence which contained proposals by Garbell for the use of his wing, such as defendants' Exhibits A, B, C, etc. In referring to these exhibits, Garbell was asked whether it was a design for an airplane. This answer was given:

“A. No. It is a suggestion, of which usually there are at least two or three or four, and the plans of the airplane are eventually decided from any of this number of preliminary suggestions.

Q. As far as the work of proposing the use of your invention was concerned, what part of one of these so-called proposals is that?

A. That is the smallest part.

Q. Actually, it is just a suggestion of using three particular airfoils?

A. Yes.

Q. There is no mathematics, no computations or anything else required to make such a proposal, is there?

A. Very little. Well, usually I did them at home, because it was the only place where it was quiet.

Q. It is the same thing as if you proposed to the purchasing department that they buy one kind of an automobile over another kind, isn't it?

A. Yes.” (R. 279-280.)

3. There was no reduction to practice of said invention by Consolidated during its employment of Garbell of which he had notice or knowledge.

In order to have brought themselves within the shop-right theory, it was incumbent upon appellants to have proven the construction of the invention (re-

duction to practice) with the knowledge and consent of the inventor and that such construction was made in order to perfect, develop or use the invention. It is not enough if such construction was for a demonstrational test only, made by the employer for his own information and knowledge, nor if such construction did not fully and completely utilize the invention.

**(a) Models involved.**

This Court, in reaching the conclusion expressed in its opinion, obviously assumed that some of the models constructed and run through wind-tunnel tests constituted a reduction to practice. Such an assumption is not supported by the evidence.

At this point, an enumeration of the structures involved would be helpful.

In point of time, but three aircraft proposals can or do have any bearing on this case. They are, in the order of their appearance: (1) The two-engine tailless; (2) the XB-46; and (3) the Model 110.

Garbell left the employ of Consolidated on October 15, 1945.

The two-engine tailless never went past the model stage and was then abandoned, so models only are involved.

One airplane of the XB-46 type was built and flown, admittedly after 1946, long after Garbell's employment had terminated, so models only are involved.

One airplane of the Model 110 was built and flown subsequently to the XB-46, so for the same reason models only are concerned.

The accused airplane, Convair 240, did not come into the picture until after Garbell had left Consolidated, so no part is played by it in the shop-right theory.

**(b) Model types.**

The evidence in this case discloses that models were made for testing in a wind tunnel, such tests to be for diverse purposes; that some models were immovably fixed to a base for static observation only, hence called "static"; that some models were made so they could be actually flown in the wind tunnel and thus truly be "completely operating model"; that some were made to test wings and some were made to test appendages, such as nacelles, control systems, etc.

We submit that for a structure to fall within the shop-right theory, it must contain all of the elements of the invention and fully operate, so that the teachings of the invention can be demonstrated, otherwise there is no "use" made of the invention, and it is not reduced to "practicable form" within the meaning of the authorities. Therefore, only those free-flying, fully operating models can be considered, for, obviously, it is impossible to demonstrate and reduce to practice the invention by using a model limited in scope, such as a "static" model. Freedom of movement and the availability of operating controls are vitally necessary to

demonstrate the RECOVERY of the aircraft from a stall, which recovery is afforded by the Garbell wing. Such a model was never built by Consolidated.

(c) **The two-engine tailless.**

The testimony of Garbell for appellees and Bayless for appellants is in full accord on this subject and without conflict. As such testimony pertains to models, it may be summarized as follows:

Three models were built.

The first was a static wind-tunnel model with a two-section wing. (Not Garbell's wing.)

The second was made for studies of the nacelles and fuselages, wing-tip fins and the extensible front and rear surfaces and flaps, all embraced within an invention by one Sutton, which invention Consolidated had acquired. This model had a three-section wing (Garbell's), which was used in order to get some variation from the first model, so that additional information on all the auxiliary controls and appurtenances could be obtained. (R. 454.) This was NOT an operating free-flying model.

The third model was a free-flight model, which was to be tested in the NACA free-flight wind tunnel. This had a two-section wing. (Not Garbell's wing.) (R. 256-7, 454-6, Garbell; R. 322-3, Bayless.)

From the foregoing two things are apparent and neither is any aid to the shop-right theory. First, no operating model of the invention was made. Second, Consolidated used the static model to test and develop

its own ideas on control surfaces and other appurtenances only; no tests were made to experiment with the Garbell wing.

(d) **The XB-46.**

Although the defense of shop right is an affirmative defense and the burden is on the defendant to prove it, not upon the plaintiff to disprove it, appellants introduced no testimony concerning models made. The record shows nothing but an unqualified, bare statement by appellants' witness Bayless that Garbell made his usual suggestion and it was incorporated.

The real facts were placed in the record by the appellees. Their testimony was in no way challenged. The only model made by Consolidated was a static wind-tunnel model which was made and used to test other things on the model but not its wing, which wing followed the Garbell suggestion. Following this model, Consolidated built a full-scale mock-up which incorporated a two-section wing. (Not Garbell's wing.)

The true situation is readily grasped from the following:

“Q. Now you heard Mr. Bayless testify that there were wind tunnel models made for the XB-46. What did he tell you concerning the cost of these at the time they were made?

A. It was exactly the same thing again. The company had available, or would have available within a matter of weeks, test data provided free by the Government through the National Advisory Committee of Aeronautics on 2-section wings of the type needed, and placing such a wing on the



model would have been a duplication. The tests that were contemplated were intended and actually came out to be primarily tests of air intakes, nacelle afterbodies, stability and control and control forces, that is, control effectiveness and control forces, and flaps and—well, the tests came out exactly that way.

On one occasion Mr. Bayless found it even necessary to go to the Massachusetts Institute of Technology to do the necessary development work, which is crude, it is in the wind tunnel, on flaps in order to provide adequate elevator effectiveness.” (R. 458, Garbell.)

“Q. And did they ever build an XB-46 while you were employed by them?

A. No, the only thing they had was a full-sized mock-up, that is, one to determine spaces, etc., and the mock-up wing, I looked at it very closely in the experimental factory, had a 2-section wing.” (R. 459, Garbell.)

On cross-examination, Garbell testified:

“Q. Now was an airplane built according to the plans or proposal of the XB-46?

A. Yes, an airplane was built but long after my leaving, and a mock-up was roughed out at a time when the management apparently planned to go ahead and that mock-up had a 2-section wing down the experimental hangar. And I was told, on as late as May 5, 1949, by Mr. Bayless, at 7:30 p.m. in the lobby of the Statler Hotel, while he was waiting for Hugh Freeman of the NACA, that at the time when I resigned and for a considerable time after that the management made it

very clear that they would have no part in the production and building of that aircraft.

Mr. Gerlach. I move to strike the last part of the answer.

The Court. No.

The Witness. Because that was entirely in agreement with what I knew at that time.

Q. (by Mr. Gerlach). An airplane was built?

A. Yes.

Q. The XB-46?

A. Yes.

Q. From the proposal?

A. Yes.

The Court. Let us find out the time. When was it built?

The Witness. That I don't know, your Honor.

The Court. It wasn't built while you were there?

The Witness. No.

The Court. I gathered that from what you said.

A. A mock-up was built, which did not incorporate my work.

The Court. I see." (R. 255-6.)

Certainly this evidence is a far cry from the proof of user so sorely needed by appellants. In the light most favorable to appellants, the testimony of Bayless creates only a slight conflict, certainly not one which would empower this Court to ignore the determination of the trial court.

## (e) The Model 110.

As in the case of the XB-46, appellants put in no testimony whatsoever on the Model 110 save and except the statement by their witness Bayless that according to his recollection Garbell was still with Consolidated when early designs on the Model 110 were in progress. (R. 300.)

Garbell testified that he suggested the use of his wing for the Model 110 (R. 275; 467), and also:

“Q. Did you ever do any work on the Consolidated Vultee 110?

A. No work, no.

Q. Did you ever correct any mistakes that others might have done on that?

A. Yes, through suggestions. I understood that the effect of the propeller slipstream on the longitudinal stability was quite terrible, it was way beyond what the CAA could have possibly tolerated, and I suggested tilting the nacelles 5 degrees to reduce that effect.

Q. Was this on a model or on a full-sized plane?

A. No, on the model.

Q. Did you ever know until after your employment was over that they built a 110?

A. No.

Q. Did they tell you they were going to build one?

A. No.

Q. Did they lead you to believe that they were going to build one?

A. No, it was supposed to be a dead duck.

Q. They said that?

A. Yes.” (R. 458-9.)



From the testimony adduced at the trial, it is apparent that, as far as the construction of models is concerned, we are confronted with nothing more than incomplete demonstrational tests, which could not possibly affirm or disprove the claims of the invention, which were abandoned prior to Garbell's termination of employment and which could in no possible way be construed as reduction to practice.

(f) **Garbell reduced invention to practice before employment.**

There is still another point to be considered on the question of reduction of the invention to practice, the evidence of which stands alone and unchallenged.

It will be recalled that Garbell entered the employment of Consolidated on September 7, 1942. (R. 211.) Prior thereto, and during the summer of 1939, he met Dr. Robert C. Platt, then a leading aerodynamicist for the National Advisory Committee for Aeronautics, at Elmira, New York. At this meeting, Garbell described and explained the invention now set forth in the Garbell patent to Dr. Platt, including all essential elements of the patent in suit. Dr. Platt fully understood both the principle of operation and the structure invented by Garbell. This meeting of Garbell with Dr. Platt was followed by correspondence passing between Garbell and one Dr. George Lewis, then Director of the Aeronautical Research of the NACA. (R. 199-202.)

In October of 1939, Garbell became employed as an instructor at the Boeing School of Aeronautics, Oakland, California. While there, he met and became ac-

quainted with an aeronautical engineer by the name of Harry Bradford Chin, who was then instructing in aircraft design at the Boeing School. Some time in the Fall of 1940, during one or more discussions, Garbell thoroughly described his invention to Chin and made drawings and sketches to explain and illustrate his invention to Chin. Both the principle of operation and the structure invented by Garbell were fully understood and appreciated by Chin. (R. 202-207.)

It is the contention of appellees that the invention here involved belongs to that category of inventions complete in and of themselves, and that it only takes the explanation thereof to anyone skilled in the art to enable the invention to be reduced to practice. This, of course, is the so-called constructive reduction to practice, but the courts, in certain instances, have upheld the theory of constructive reduction to practice over a physical reduction to practice. We believe that this is one of those instances.

As was said in the case of

*Curtiss Aeroplane & Motor Corp. v. Janin*  
(CCA 2), 278 Fed. 454, 456:

“Reduction to practice is not merely a matter of construction, building and trial, but may consist in a disclosure of the idea by any kind of description, pictorial, verbal, or written, which will enable one skilled in the art to make and use that which is disclosed. We think a drawing may possibly be a sufficient reduction to practice and an experimental machine insufficient, for the question is one of degree, and the ultimate test is al-

ways whether the inventor has shown operative means to that theoretically omnipresent person, the man skilled in the art.”

Admittedly, if appellants were making some claim to the invention or we were involved with an interference proceeding under the patent laws, the constructive reduction to practice by statements and drawings would not be sufficient to protect the inventor. However, as against the defense of shop right, it is entirely sound in principle.

Furthermore, the evidence above referred to, standing alone and uncontradicted as it does, gives concrete support to the finding of the trial court, and which finding this Court declares to be clearly erroneous, that the reduction to practice of Garbell's invention took place prior to his employment by Consolidated.

#### **4. The employer's cost question.**

As part of the shop-right theory, and in keeping with the equitable principle that one should not gain at the expense of another, the employer must prove that he was put to cost and expense, his employees were used, and he furnished materials, all in the construction of the employee's invention, which he would not otherwise have done. This Court has assumed such a situation in this case, but it is an assumption without foundation.

The simple fact is that the appellants failed to place into the record any evidence whatsoever on the question of costs, even though the defense of shop right is

an affirmative defense and the burden was upon them to prove every component part of that special defense.

We have demonstrated hereinabove, from an analysis of the evidence, that the models made by Consolidated were so made for its own express purposes and by its own direction, upon its own idea, and to test and evaluate its own nacelles, control surfaces and other appurtenances, but not the Garbell wing. Under such circumstances, no additional cost was incurred by Consolidated. Obviously, some wing had to be placed on the model to serve as a test platform for these other component parts. No operating, free-flying model of the Garbell wing, with its attendant cost, was ever made.

It does seem to us, however, that the complete absence of any evidence or proof of costs expended by the defendants creates a fatal weakness in a defense predicated upon the shop-right theory.

True, Garbell was under salary and his time was devoted to his employer. There is no evidence of his spending his employer's time working on his own prior invention. It was fully conceived and devised when he entered Consolidated's employ, and is used in the accused device in its unchanged, original form. As has been pointed out, all that was necessary to construct a wing according to the invention was to specify three air-foils by camber and thickness ratio. Even this small matter was, according to the uncontradicted evidence, worked out by Garbell at home and not on company time. (R. 279-280.)

During the trial, reference was made to reports upon which Garbell worked, which gave the results of wind tunnel tests of various models, obviously for the purpose of seeking or attempting to create the impression that cost and expense were incurred by the company, although there is no mention of a five-cent piece in the entire record. From the analysis of the evidence already given in this petition, it is self-evident that the necessity for the tests and the reports was not the Garbell invention, but the multitudinous tests that Consolidated found necessary to make concerning other items connected with the planes in question, such as flaps, control systems, nacelles, etc., etc.

Strangely enough, and as in other instances already pointed out, the only evidence on this question was introduced by appellees. Garbell testified as follows:

“Q. (Mr. Frederick Lyon): Did you ever work out the details of how to make a wing of this kind and present the details to Consolidated, in detail, at their expense?

A. No.” (R. 280-281.)

Using the second static model of the two-engine tailless as an example, Garbell testified as to the method of construction of a two-section wing and his three-section wing, stating:

“Q. What kind of wing did that model have?

A. That was the wing, according to my suggestion—I mean, well, I was told that merely to repeat the other wing would have been a duplication. The old model had dried out in the wind tunnel, as they usually do, and started cracking.



Inasmuch as these additional tests were designed to obtain information on all of the appurtenances and control devices there was no cost incurred, and, therefore, it was all right to include my suggestion.

Incidentally, I might mention, that just because my suggestion includes three sections—the other one, two—that still doesn't make any difference in labor, because it is impossible to build a model, even a two-section model, simply by cutting out two sections and then letting the milling machine run between the two, because the block of wood bends. It is necessary, therefore, to make 5 and 7 and 9 intermediate sections, even though following a straight-line fairing, and then do the hand work between the sections. Regardless of how many aerodynamic control sections there are, the work is still the same, even on a so-called two-section wing." (R. 454-5.)

If this testimony had been not in accordance with actual fact, appellants would have introduced evidence upon the subject. Garbell was not even cross-examined on his statements, hence they stand as established fact in this case.

5. As soon as Garbell learned Consolidated was using his invention, which was after his employment had terminated, he placed Consolidated upon written notice of violation of his then pending patent application.

The one remaining question under the shop-right theory is this: What did the inventor do when he first learned his former employer was using the invention?

The evidence discloses the fact that Garbell terminated his employment with Consolidated in October 1945. Thereafter, about July 18, 1946, he learned that Consolidated was then manufacturing and building its Convair 240, which is the accused device involved herein.

On August 5, 1946, and on August 12, 1946, Garbell addressed communications to Consolidated and advised that company that it was using the subject-matter of an invention upon which a patent application was then pending. (R. 217-218; Pltffs. Exh. 17, R. 638.)

The inventor and former employee took immediate steps to place his former employer upon notice once he had learned of the fact that the former employer was for the first time using his invention. There was no sleeping on his rights, and he did not allow the user to go on without notice and expend further sums in construction.

Thus, in this instance, as in all the others, we find the complete failure of operation of the shop-right theory.

The attention of this Court is also directed to the fact that no claim of shop right was ever advanced, intimated or made by Consolidated from the date of Garbell's employment in September 1942 until an exchange of correspondence between Consolidated and Garbell subsequent to Garbell's placing Consolidated upon notice in August of 1946.

The testimony on this subject is very clear and the appellants have not contended otherwise. (R. 236-237.)

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## II.

### **THE COURT'S OPINION ON THE INVENTION AGREEMENT AS IT PERTAINS TO SHOP RIGHT.**

In the forepart of the decision as rendered by this Court, particular attention is paid to the Invention Agreement executed on or about September 7, 1942, by Garbell and Consolidated. In analyzing the agreement and the evidence pertaining thereto, this Court concurred in the opinion of the trial court that Consolidated had taken no steps, as provided for in the Invention Agreement, toward acquiring the invention here involved, and, therefore, had waived whatever right Consolidated may have had to acquire Garbell's invention or the patent issued thereon.

The effect, however, of this Court's decision is that Consolidated acquired a shop right under said agreement by reason of the terms thereof, and particularly those provisions referred to in paragraph 6 of said agreement. Such a conclusion can only be predicated upon the assumption that a disclosure of Garbell's invention was made to Consolidated under said Invention Agreement. The court is in error in making such an assumption, as the evidence discloses:

- (a) that the Invention Agreement did not operate upon or in any way affect the invention involved herein; and



(b) that no disclosure was made by Garbell to Consolidated of said invention under the terms and provisions of said Invention Agreement.

These two points will now be discussed in the order in which they are above referred to.

**A. THE INVENTION AGREEMENT DID NOT OPERATE UPON OR IN ANY WAY AFFECT THE INVENTION INVOLVED HEREIN.**

The crux of the agreement lies in subparagraph (a) of paragraph 1, where a limitation is placed upon the operation of the agreement. The pertinent language is to the effect that the employee agrees "to disclose promptly in writing \* \* \* all inventions \* \* \* made, developed, perfected, devised, and conceived by the employee \* \* \* during the employee's employment by the Company."

Inasmuch as the trial court and this Court have determined that the invention was *devised and conceived* by Garbell prior to employment, the agreement can then only operate in this particular case on an invention *made, developed or perfected* during employment. In the consideration of the particular point now being made by appellees, the attention of the court is respectfully, but earnestly, directed to the presentation of points and the evidence therein set forth contained in the forepart of this petition under the following headings:

"B. Facts Proven by the Evidence."

"2. There was no development or perfecting of said invention by Consolidated

during Garbell's employment by it." Page 5, supra.

- "3. There was no reduction to practice of said invention by Consolidated during its employment of Garbell of which he had notice or knowledge." Page 11, supra.

If the court will again address itself to the evidence referred to and set forth under the respective points just enumerated, we are satisfied that this Court will then realize that the invention was *not made*, it was *not developed*, and it was *not perfected* during Garbell's employment.

The uncontradicted evidence is to the effect that Garbell, during the time he was employed by Consolidated, did not *make, develop, perfect*, or in any way *change, modify* or *add to* the conception of his invention, which he possessed prior to the time he became employed by Consolidated. The evidence referred to in the forepart of this petition, and hereinabove designated, definitely and unequivocally proves that Consolidated did *not make, develop or perfect* said invention; hence, the charge of collaboration between Garbell and the employees of Consolidated, should such a charge be advanced, will fall of its own weight.

It is apparent then, that inasmuch as Garbell's invention was *not made, developed, perfected, devised or conceived* by Garbell, either solely or in collaboration with others, *during Garbell's employment* by Consolidated, the Invention Agreement cannot have any effect whatsoever upon this particular invention. Under

such circumstances, it is absolutely impossible for Consolidated to have acquired a shop right, or any other right.

**B. NO DISCLOSURE WAS MADE BY GARBEL TO CONSOLIDATED OF SAID INVENTION UNDER THE TERMS AND PROVISIONS OF SAID INVENTION AGREEMENT.**

**1. Garbell's knowledge of patent procedure of Consolidated.**

The record in this case shows that Consolidated maintained at all times during Garbell's employment a Patent Department, and had a well-established system set up whereby ideas and inventions made or conceived by an employee could be submitted to the company under the Invention Agreements previously signed by each employee. The procedure adopted by the company and followed by it is completely outlined in the testimony of appellants' witness Walter J. Jason, Assistant Patent Director of Consolidated (R. 351, et seq.). From such testimony, and from the Invention Agreement itself, the consecutive steps taken were as follows:

(a) A written disclosure made by the employee to the Patent Department;

(b) Within a period from one to four weeks thereafter, the employee would receive a written notice advising him of receipt of the disclosure, the docket number assigned to it, and that he would be advised of the results of the company's investigation;

(c) If the company, after investigation, considered any invention patentable, the inventor was paid the sum of \$10.00;

(d) If the company elected to acquire the invention, written notice of that fact was sent to the inventor;

(e) Thereafter the employee would be requested to execute two forms:

1-80-39 "Notice of Election to Acquire Invention"

1-80-42 "Assignment of Invention"

(f) As an alternate step, should the company believe the invention to be unpatentable, or should it elect not to acquire it, written notice was sent to the inventor, telling him of that fact and stating that the case was being placed in the inactive file of the company; in addition, the inventor was advised that he could have a release if he so desires.

Within not too long a period after his employment, Garbell, at the suggestion of Bayless, his superior, went to see Donald Hall, who was then in charge of the Patent Department of Consolidated. Hall explained to Garbell the functions of the Patent Department and how it operated, especially with reference to the Invention Agreement (R. 447-448).

Thus, Garbell obtained full knowledge of the operation of the Patent Department and the Invention Agreement, the method involved in submitting a disclosure under the Invention Agreement, and what was expected of him and what he could expect from the company.

## 2. Disclosures made by Garbell to Patent Department.

Between March 29, 1943, and April 30, 1945, in accordance with the said Invention Agreement, Garbell formally submitted to Consolidated seven disclosures, which covered the following alleged inventions:

1. Slotted Armor Plate.
2. Retractable Tail Surface.
3. Hydrofoil for Airplanes.
4. Wing Tip Fin.
5. High-speed Air Intake.
6. Dropable Jet Augmenter.
7. Longitudinal Control for Jet Aircraft.

All of these disclosures were duly docketed by Consolidated and duly given numbers within a short time after their submission (R. 353). Thereafter, the procedure as outlined in the Invention Agreement was followed and the successive steps taken by Consolidated. The situation is characterized by the following testimony of Garbell:

“Q. Whenever you made a disclosure to the corporation in writing other than with reference to this invention before this court, were you immediately paid by Consolidated for that suggestion?

A. The immediate step was to follow a certain procedure, that is, regarding inventions that did fall under the Invention Agreement, followed by the payment provided for in the Invention Agreement.

Q. And you were always paid on these suggestions?



A. On most of them, of those that were given consideration, yes, and the payment was prompt.” (R. 283.)

The testimony discloses that of the seven disclosures made by Garbell to Consolidated two of them were accepted by the company. These were the hydrofoil for airplanes and the high-speed air intake. Thereafter, the various payments called for by the Invention Agreement were made, and eventually Garbell executed the assignments, etc., as called for by the agreement. In the case of the disclosure for an alleged invention for slotted armor plate, Consolidated did not accept the invention, notified Garbell to that effect, and duly executed a release under date of February 24, 1944. (R. 316-322.)

There is no question but that Garbell, on the one hand, and Consolidated, on the other, knew what was expected of each under the terms of the Invention Agreement, and the procedure which was to be followed, had been followed, and would be followed.

### **3. The alleged disclosure of the invention in suit.**

In December 1944, Garbell prepared a scientific paper for presentation to the Institute of Aeronautical Sciences. Such paper was prepared upon the request of his superiors, T. P. Hall and Bayless, under direction that the subject-matter was to be on some scientific matter, but eliminating anything of military significance and likewise eliminaiing anything that would tend to disclose actual company activities. (R. 289-290, Garbell; R. 301, Bayless.)

In the conversation which T. P. Hall had with Garbell, he suggested that Garbell write about his wing. (R. 290.)

The document in question, as prepared by Garbell and sent by Consolidated to the Institute of Aeronautical Sciences as a technical paper, was introduced in evidence by appellants, as their Exhibit D, during their cross-examination of Garbell. In characterizing the paper so prepared by him, Garbell testified:

“Q. (By Mr. Gerlach): Does Exhibit D contain a description and illustrations exemplifying your patent in suit?

A. It contains a very broad scientific explanation of the basic principles.

Q. It contains descriptions and it contains drawings which, to some extent, follow the drawings of your patent, do they not?

A. Broadly speaking, yes.” (R. 269.)

If this Court will take but a moment to glance at Plaintiffs' Exhibits 26 (R. 669-676) and 27 (R. 677-683), it will immediately observe that there is absolutely no similarity between actual disclosures to the Patent Department of Consolidated and the scientific paper (Defendants' Exhibit D, R. 775). It is not, nor was it intended to be, a “disclosure” within the terms of the Invention Agreement.

**4. Neither Garbell nor Consolidated considered the paper to be a “disclosure” under the Invention Agreement.**

In seeking the proper interpretation to be placed upon a contract, agreement, or state of facts, the

courts have long looked toward the actions of the parties themselves with regard thereto, in order to give a practical construction to the matter upon which the court has to reach a decision. Such procedure applied to this case gives abundant proof that neither Garbell nor Consolidated ever believed that the scientific paper prepared by Garbell at Consolidated's request was a disclosure of an invention under the Invention Agreement.

**(a) As to Garbell.**

This Court will readily appreciate that, by reason of his talks with Consolidated's Patent Department representatives and the many occasions during his employment Garbell submitted disclosures to Consolidated specifically acting under the Invention Agreement, he was thoroughly and completely familiar with what was required of him by way of form of submission of an idea, drawing, etc., and that he was required to be as specific as possible with relation to every phase of any such disclosure. Likewise, Garbell was thoroughly familiar with the steps, preliminary or otherwise, which Consolidated took with reference to a disclosure made to it under the Invention Agreement by an employee; and that this would result in patent studies, search of prior art, and conferences with Consolidated's Patent Department.

In this particular instance, he was requested by his employer to prepare a scientific paper, to be a contribution on Consolidated's behalf to the annual meeting of the Institute of Aeronautical Sciences.



Pursuant to his instructions not to use anything of a military nature or write about a subject which was involved with or as a company project, and following the suggestion of his superior that he write about his (Garbell's) wing, the paper in question was prepared in December of 1944.

While Garbell knew that this was not a paper prepared for a disclosure of an invention, he did realize that for the first time he was releasing for presentation to the public enough material and data concerning his invention, all of which might easily detrimentally affect any application for a patent which he might thereafter make.

Having in mind that during the two preceding years of employment he had become thoroughly familiar with the dangers of public release of patentable ideas, Garbell knew that he should take some steps to protect himself. Therefore, with the sole purpose in mind of protecting his patent rights, he transmitted a copy of the paper, as prepared, to D. A. Hall, a patent engineer of Consolidated, accompanying the same with an interoffice memorandum in which he stated that he was making an official disclosure (patentwise) of invention. Considering the circumstances which then existed, and the conditions under which the paper was prepared, the language of his memorandum to Hall would, to Garbell's mind, act as a red flag to Consolidated and direct their attention to the fact that he had exclusive property rights in the invention described in the paper.

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Nothing further was done by Garbell, nor was there anything required of him to be done. He had protected his rights in an invention which he had at all times possessed long before entering his employment with Consolidated.

**(b) As to Consolidated.**

First of all, there is, of course, the fact that Consolidated requested the preparation of the paper, not as an invention disclosure and not with that thought in mind, but so that the company would have a paper presented on its behalf at the next meeting of the Institute of Aeronautical Sciences. It is apparent that, with T. P. Hall's suggestion to Garbell that the article be written concerning Garbell's wing, Consolidated knew that the wing was not a company project nor involved as such.

A copy of the paper, with its memorandum of transmittal, which, in effect, put Consolidated upon notice, was received by D. A. Hall, a patent engineer of Consolidated. Thereafter not one step under the Invention Agreement was taken by Consolidated. In the forepart of the second division of this petition, we have listed the procedure to be followed under the Invention Agreement, and that procedure was followed in all cases, not only with relation to all ideas which Garbell had submitted under that agreement, but it was the regular, usual and adopted practice that was followed in every case, according to the testimony of Consolidated's patent attorney, Jason. (R. 351-359.)

Garbell's written memorandum to Consolidated transmitting the copy of the paper in question bears date December 9, 1944. Under the Invention Agreement, a docket number is given a submission of invention by an employee, and he is advised thereof by letter within thirty days after the submission of the idea. The records of Consolidated show that it assigned a docket number to the scientific paper on or about January 24, 1946 (R. 354, Jason), which is over a year after it had received the paper and months after Garbell had terminated his employment with Consolidated.

Consolidated, between December 20, 1944 and January 24, 1946, had, obviously, taken no steps concerning this matter. Once the docket number was given this paper, nothing further was done except to mark it "Inactivated". Not a communication was sent to Garbell. Garbell had not appeared at the Patent Department. (R. 360.)

Mr. Jason, Consolidated's assistant patent director, testified that "no report of any kind was ever sent to Dr. Garbell either of the submission of that idea to the Patent Department or to advise him that the Patent Department was processing that matter". (R. 363.)

To further highlight this matter, the record discloses that on March 26, 1947, and April 7, 1947, the Patent Department of Consolidated wrote Garbell, at his then address, advising him that the company was inactivating Garbell's disclosure of high-speed air



intake, made on November 17, 1944. (R. 365; Plaintiffs' Exhibits 31 and 32, R. 692, 693.)

Consolidated did not advance any claim of shop right or license at the time that it received the scientific paper, which it now contends is a disclosure under the Invention Agreement, nor did it advance such a claim at any time until after Garbell had advised it that it was using his invention, in the fall of 1946.

On August 5, 1946, Garbell wrote to Consolidated concerning the use by them of his invention and notifying Consolidated that application for letters patent was pending. (R. 638, Plaintiffs' Exhibit 17.) On August 9, 1946, Consolidated answered said letter, stating, in part, as follows:

“We will accept a copy of the patent application to which you refer for the purpose of a disclosure, on the basis that in so doing the disclosure is made to us without obligation \* \* \*”  
(R. 641, Plaintiffs' Exhibit 18.)

It is perfectly apparent that Consolidated was asking for the first time for an official disclosure and was not making any claim of shop right.

In answer to Consolidated's letter, Garbell, on August 12, 1946, wrote Consolidated and referred them to his paper appearing in the February 1946 issue of the Journal of the Aeronautical Sciences, as a document which stated the basic principles underlying his invention. (R. 639, Plaintiffs' Exhibit 17.) It is to be noted that this was the publication of the



scientific paper prepared for that purpose by Garbell in December 1944, while with Consolidated.

Following receipt of Garbell's letter under date of August 12, 1946, and just referred to, Consolidated, for the first time, took the position that the scientific paper written in December 1944 constituted a disclosure of invention under the terms of the Invention Agreement and that it had a shop right.

Just before Garbell left the employ of Consolidated, in October 1945, he had a conversation with D. A. Hall above referred to, who was the patent engineer to whom Garbell had sent the copy of the scientific paper nine or ten months before. During that conversation, no mention was made to Garbell of the matter now before the Court, and no shop right or other right was even intimated. (R. 449.)

One last fact concerning the acts of Consolidated is called to the attention of the Court, as it sums up the entire matter. Under direct examination, Garbell testified:

“Q. At any time did they inform you that they intended to use this invention of yours?

A. No.

Q. They never led you into the opinion they intended to use it?

A. No.

Q. Did they completely reject this invention at all times?

A. Yes, in each case.

The Court. During any of those conversations, was anything ever said to you regarding shop

rights, regardless of the merit, such as, 'If it is any good, it is ours, anyway'?

The Witness. No.

The Court. Was any such claim made during these conversations?

The Witness. No.

The Court. When did you hear for the first time that shop rights were being claimed?

The Witness. After I directed my correspondence to the company, immediately following application.

The Court. Filing of your application." (R. 236-237.)

From all of the evidence, which is uncontradicted, it must be obvious to this Court that the principals in this matter did not ever consider or look upon the scientific paper in question as a disclosure under the Invention Agreement. This is amply demonstrated by their actions, as hereinabove reported.

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### III.

#### LAW ON "REDUCTION TO PRACTICE".

In its opinion, this Court, in Footnote No. 7, cited some authorities in support of a legal proposition stated thusly:

"An invention is not made, developed or perfected until reduced to practice."

There is no question that this is the law in cases of interference or infringement where the contest is be-

tween two persons each claiming to be the inventor or the assignee thereof. We submit that the legal proposition just referred to has no application in the case at bar, which is purely and simply one of infringement, with the defendant setting up a defense of shop right, rather than seeking any title to or interest in the invention or patent.

The situation just referred to is ably set forth by the Court in its opinion rendered in the case of

*Heywood-Wakefield Co. v. Small* (C.C.A. 1),  
87 Fed. (2d) 716.

There an employee, during the time he was employed, invented a reversible car seat. Upon showing a cardboard model to his employer, the employer ordered a full-scale seat to be made up. Subsequently an action was brought by the inventor, who had obtained a patent against his former employer, which employer claimed the possession of a shop right as one of the defenses. At page 719, the Court says:

“The cases cited to the effect that an invention must be reduced to actual practice before it is complete as a patentable invention and therefore the work of the defendant in proving that the plaintiff’s idea was practical by building full-sized models was essential to the completion of the invention, are all cases involving interference and priority. \* \* \*”

citing cases, including the ones cited by this Court in its opinion.

The Court, after analyzing the case of *Automatic Weighing Machine Co. v. Pneumatic Scale Corp.*, 166

Fed. 288, which was one of the cited cases, goes on to say, at page 720:

“Where, however, the inventor applies for and obtains a patent on his own draft and application, his invention, if patentable, is considered complete where no interference or prior right is claimed, especially if one skilled in the art can from his draft and description in the application make the device, as it apparently was done in this case, since the defendant made up and sold car seat bases built according to the plaintiff’s so-called cardboard and ‘cigar box model’.”

The judgment of the trial court was affirmed and it was held that the defendant had not acquired a shop right.

In our opinion, the case just referred to is almost on all fours with the case at bar. As we have heretofore demonstrated from the evidence, the invention of the plaintiff was used by defendants in the construction of the accused device utilizing the same identical statement of the invention that Garbell made shortly after his employment began, and which is likewise set forth in the patent itself.

Another factual situation which is the same in the case at bar as the *Heywood* case, *supra*, is that neither employee was engaged in work of the character concerning the invention as ultimately made. Garbell was engaged in preliminary design work for some time after he was first employed by Consolidated and the uncontradicted evidence is that, within a matter of weeks after his employment, he first suggested the use of his invention. (R. 445.)

## IV.

## FINDINGS SUPPORTED BY EVIDENCE.

Aside from the special findings of the trial court, with which this Court did not agree, there are still general findings of the trial court covering this entire field, such as finding XXXIII:

“That the defendants have not established the claim of shop right license.”

and finding XXXIV:

“That defendants have not established the defense of an implied, or any, license.”

The defense of shop right being an affirmative defense, the full burden of proving that defense was on the appellants, and this they failed to do.

The evidence in this case is almost wholly without conflict, and all of it is in favor of the contentions as advanced by appellees. If the evidence, taken as a whole, is viewed in the light most favorable to appellants, the most that they can possibly claim is a slight conflict in one or two points.

Under such circumstances, an appellate court is bound by the determination and the findings of the trial court. Furthermore, in the case of conflicting testimony, the appellate court must assume a view of the evidence most favorable to the appellee.

*Wilmington Transportation Co. v. Standard Oil Co.* (C.C.A. 9), 53 Fed. (2d) 787.

## V.

## CONCLUSION.

We believe that a consideration of the evidence, as pointed out in this petition, will result in this Court concluding that, by reason of the somewhat involved condition of the record, it misconceived the application of some of the testimony, and that, therefore, the contentions made in this petition are based upon a sound foundation.

It is respectfully, but with great confidence, insisted that, for the reasons indicated, a rehearing of this controversy should be granted.

Dated, San Francisco, California,

July 8, 1953.

THEODORE ROCHE, JR.,

SULLIVAN, ROCHE, JOHNSON & FARRAHER,

LYON & LYON,

*Attorneys for Appellees  
and Petitioners.*



CERTIFICATE OF COUNSEL.

I hereby certify that I am of counsel for Appellees and Petitioners in the above-entitled cause, and that in my opinion the foregoing petition for rehearing is well founded in point of law, as well as in fact, and that said petition for rehearing is not interposed for delay.

Dated, San Francisco, California,  
July 8, 1953.

THEODORE ROCHE, JR.,  
*Of Counsel for Appellees  
and Petitioner.*

